

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	UKPNT205	Question Number	UKPNT205-17
Question date	12 September 2013	Answer date	16 September 2013
Submission section question relates to	2: Project Description		
Topic	Commercial		
Question	Please provide details of the Time-of-Use Tariffs		
Notes on question			
Answer	<p>Although the Time of Use (ToU) tariff to be deployed on Trial 2, will be designed as part of the V-CEE project, British Gas currently has in place the 'Off-Peak Saver 3 Rate' ToU tariff as part of the Customer-Led Network Revolution (CLNR) LCNF funded project which is currently being trialled with over 600 customers in the North East of England.</p> <p>It is anticipated that UK Power Networks will work with British Gas, either to build on the 'Off-Peak Saver 3 Rate' tariff, by making available to smart prepayment customers or to develop a new tariff based on the lessons and experience built from the CLNR project. VCEE will also take into account consumption data and network data collected from Trial 1, as well as any lessons learnt from other ToU trials and will incorporate any changes to industry regulations at the time.</p> <p>The CLNR ToU tariff was designed by British Gas to reflect future prices and to encourage load shift. The tariff reflects whole system estimated 2020 costs, where prices are expected to be more reflective of, higher and more volatile commodity prices as well as higher transmission and distribution</p>		

	<p>costs.</p> <p>The tariff is based in on estimated 2020 cost profile with a similar shape to today, but a higher differential between peak and off-peak periods, which have been scaled back to reflect today's costs. The tariff currently tracks the regional standard tariff, currently 12.7p per kWh and has three different rates:</p> <ul style="list-style-type: none"> • The weekday 'Day' rate between 7:00 and 14:00 at adjusted at -4% per kWh • The weekday 'Peak' rate between 16:00 and 20:00 adjusted at +99% per kWh • The 'Night and Weekend' rate between 20:00 and 07:00 and all weekend adjusted at -31% per kWh <p>The tariff is currently being settled against the average standard profile class.</p> <p>Low Carbon London has trialled a similar tariff but notified day-ahead, with three price bands: High – 67.2p, Normal – 11.76p and Low – 3.99p.</p> <p>CLNR has generally seen a positive response to their tariff. The trial was oversubscribed and received an exceptional 8% response rate to the trial's direct marketing campaign. To date customers have seen an average reduction in consumption during 'Peak' times by 10%, with an overall reduction in consumption of 3% and 96% of customers were either 'very likely' or 'quite likely' to choose a ToU tariff as opposed to a flat rate tariff once the trial was over.</p> <p>Although we would hope to see similar results with V-CEE and we expect to see fuel poor and vulnerable customers save money, V-CEE will be monitoring excess consumption and look to intervene where appropriate. British Gas will put in place a guarantee that customers will not be worse off for the purpose of the trial.</p> <p>It is more than likely that V-CEE will provide the first opportunity to trial a smart ToU tariff, with the aim of reducing network peaks, for prepayment, vulnerable customers and customers in multiple dwelling units, and will greatly contribute to the knowledge gap currently in this area.</p>
Attachments	
Verbal Clarifications (Consultants)	